

# **REVISED PROCESSING GUIDELINES FOR HUD FIELD OFFICES AND TROUBLED AGENCY RECOVERY CENTERS**

## **HUD Notice PIH 2000-13 (HA)**

### **Reporting Requirements for the Multifamily Tenant Characteristics System (MTCS)**

#### **A. Introduction**

These processing guidelines provide additional information and procedures to HUD Field Offices and Troubled Agency Recovery Centers (TARCs) to implement Notice PIH 2000-13, issued April 7, 2000. The Notice states HUD's policies on electronic submission of Form HUD-50058 data to the Multifamily Tenant Characteristics System (MTCS). Notice PIH 99-2 established a *minimum* reporting rate of 85 percent for public housing agency (PHA) reporting to MTCS for public housing and Section 8 certificate and voucher programs. (For Section 8, the reporting rate is determined for certificates and vouchers combined.) The Notice does not pertain to the Section 8 Moderate Rehabilitation (Mod Rehab) program, although PHAs that operate such programs are required to submit a Form HUD-50058 for each Section 8 Mod Rehab family. Also, the Notice explains the conditions under which HUD may impose sanctions on PHAs that do not meet the 85 percent minimum reporting requirement.

Notice PIH 2000-13 extends the 85 percent minimum reporting rate and clarifies automatic sanctions for underreporting PHAs.

TARCs are responsible for implementing the Notice with respect to public housing programs under their supervision. Field Offices will retain responsibility for implementing Notice PIH 2000-13 for all Section 8 tenant-based programs.

PHAs are obliged to report to MTCS as a condition of their public housing and Section 8 funding contracts. Furthermore, reporting on family characteristics and occupancy events (e.g., portability, other moves, reexaminations) is confirmation to HUD that the PHA is fulfilling many of its statutory and contractual obligations with respect to admission and occupancy operations. Transmission of family data to HUD is mandatory, but the process for encouraging reporting is more cooperative than coercive. HUD views PHAs as partners in the provision of decent, affordable housing for low-income persons – not as contractors or vendors. If a PHA fails to perform its contractual obligations, it is the assisted families who will suffer.

HUD published the original processing guidelines for implementing Notice PIH 99-2 (HA) on May 17, 1999. These revised guidelines update the May 17 guidelines and clarify PHA and Field Office or TARC responsibilities concerning electronic reporting MTCS. These guidelines follow the three general steps of the May 17 guidelines:

- Step 1.0: Monitor MTCS Reporting and Assist PHAs
- Step 2.0: Semi-Annual Assessments and Forbearance
- Step 3.0: Review and Sanctions

The principal differences between the original guidelines and these guidelines concern implementation activities of Field Offices and TARCs. Clarifications include:

- Requirement for Field Offices and TARC's to report back to the Office of Public and Assisted Housing Delivery (PAHD) on the forbearance status of underreporting PHAs.
- Requirement for Field Offices and TARC's to make follow-up contact with underreporting PHAs that do not receive forbearance from sanctions and to report back to the PAHD.
- Procedure for Field Offices and TARC's to recommend a designation of *substantial default* for PHAs that do not meet minimum reporting requirements at semi-annual assessment, do not obtain forbearance from sanctions, and do not cooperate with Field Office or TARC efforts to remediate operational and other problems leading to underreporting.
- Requirement that Field Offices and TARC's undertake a formal review prior to recommending that Headquarters make a designation of *substantial default*. The scope of review encompasses the PHA's MTCS reporting performance and all related operations.
- Definitions of informal and on-site review.

Of all the clarifications, the *formal review requirement* is likely to affect Field Offices and TARC's the most. The review process permits Field Offices and TARC's to use their existing authority to identify reasons behind deficient MTCS reporting. The review incorporates several activities. Field Offices and TARC's will monitor and assess PHA performance required under statute and contract, and they will prepare written findings based on these investigations. After findings are issued, Field Offices and TARC's will give the PHA an opportunity to comment and to take remedial action to resolve findings. At the end of the review process, Field Offices and TARC's may recommend sanctions for statutory violations, contractual breaches, and the unwillingness to cooperate.

The reason for conducting a review prior to designation of substantial default is to give the PHA every opportunity to avoid sanctions that are potentially more serious than the automatic sanctions. Notice PIH 2000-13 distinguishes two types of sanctions for public housing or Section 8 programs that do not meet minimum reporting requirements and do not obtain forbearance from sanctions by working with the Field Office or TARC. HUD will impose *automatic* sanctions on underreporting programs without forbearance. HUD reserves the ability to impose discretionary or targeted sanctions on programs designated in *substantial default* because of underreporting.

It is HUD's policy to give PHAs an opportunity to work with their Field Office or TARC – to obtain forbearance from sanctions while working on improving reporting and related program operations. Under most circumstances, HUD will not levy MTCS-related sanctions, other than automatic sanctions, until the Field Office or TARC completes a review of MTCS-related operations. If a PHA cooperates with the Field Office's or TARC's review and makes a good faith effort to implement remedial actions, then there may be no need for the Field Office or TARC to recommend a declaration of default or to recommend sanctions. Conversely, if the PHA refuses to cooperate with the review or refuses to take remedial action, then the Field Office or TARC may proceed to recommend default and sanctions.

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## C. Notice PIH 2000-13 Processing Steps

Field Offices and TARC's have three general responsibilities under Notice PIH 2000-13:

- (1) Monitor PHA performance in reporting Form HUD-50058 data and provide technical assistance, as needed;
- (2) Review PHA requests for forbearance from sanctions and report back to the Office of Public and Assisted Housing Delivery (PAHD) on forbearance status; and
- (3) Review performance of PHAs without forbearance and report back to PAHD on reasons for underreporting.

The following sequential "steps" show how Field Offices and TARC's will implement the Notice. These steps are summarized visually in a flow diagram in Appendix I. Background on MTCS reporting policy and HUD monitoring of PHAs is in Appendix II. Keep in mind at all times that Notice PIH 2000-13 imposes separate reporting requirements for Section 8 certificates and vouchers (combined) and public housing. *Also remember that the emphasis of Notice PIH 2000-13 is on improving reporting or developing a forbearance plan to improve reporting in the near future.* HUD gives PHAs multiple opportunities to improve reporting before considering the imposition of sanctions. The key dates for Notice PIH 2000-13 are listed in Appendix III. Appendix IV contains general guidelines on MTCS monitoring.

### Step 1.0 Monitor MTCS Reporting and Assist PHAs

The purpose of monitoring PHAs and providing technical support is to increase PHA reporting and avoid sanctions. By providing technical assistance to delinquent PHAs, Field Offices and TARC's can improve reporting *without* imposing sanctions. A list of helpful MTCS reports for PHA monitoring are in Appendix V.

**1.1 Review Monthly HA Delinquency Reports.** The monthly HA Delinquency report is available at any time to all MTCS users via the Internet. HUD Headquarters (HQ) provides a printed HA Delinquency report monthly to Field Offices and TARC's. If a PHA is below the minimum 85 percent reporting level, Field Offices and TARC's are encouraged to notify the PHA to take corrective actions to avoid sanctions.

- Field Offices and TARC's may contact PHAs individually or provide assistance to groups of PHAs – e.g., through training programs or in conjunction with state or regional housing agency meetings.
- HUD has developed diagnostic and technical support tools for Field Offices, TARC's, and PHAs to work cooperatively to solve reporting problems. Such tools include on-line standard (pro forma) and custom (ad hoc) reports; on-line systems to track transmissions and errors; a set of diagnostic questions; an MTCS Internet Web site; and the MTCS Hotline.

**1.2 Notify PHAs of Delinquent Status.** If a PHA has not met the 85 percent reporting requirement for either public housing or Section 8, the PHA's Field Office or TARC should notify them by telephone, letter, or e-mail and inquire if the PHA needs any assistance.

**1.3 Provide Support to PHAs.** Appendix VI provides contact information on the many sources of technical information and support to help PHAs report Form HUD-50058s successfully to MTCS.

Suggested diagnostic questions to assist in problem-solving and additional resources for on-going technical assistance are provided in Appendices VII and VIII.

**1.3.1 Delinquent PHAs.** Field Offices and TARC's must provide technical assistance and information resource referrals to PHAs that report below the 85 percent level for public housing or Section 8. Information sources include the MTCS Hotline, MTCS Web site, the MTCS Forums, and Field Offices or TARC's themselves. Common problems reported by PHAs include format errors in vendor-provided software, recurring *fatal errors*, and lack of experience tracking data transmissions to HUD. Often PHAs believe that they have transmitted data successfully to HUD, only to learn from the Field Office or Hotline that their transmissions never reached HUD or were rejected entirely because of format problems.

**1.3.2 Other PHAs.** Non-delinquent PHAs may contact Field Offices or TARC's with their reporting problems and questions. Time permitting, Field Offices and TARC's should provide technical assistance and information resource referrals to non-delinquent PHAs.

## **Step 2.0 Semi-Annual Assessments and Forbearance**

The official source of information on PHA performance with respect to MTCS reporting is the Internet-based Housing Authority (HA) Delinquency report for the months of June and December. If a PHA has not met the 85 percent minimum rate in any assessment period, the PHA must submit a written forbearance request or face sanctions. The following steps specify the sequence of activities that Field Offices or TARC's take after the semi-annual assessment has been conducted – that is, after the June and December HA Delinquency reports are released to the Web site. In general, these steps include contact with the PHAs reporting under 85 percent, receipt and processing of forbearance requests, and reviews for underreporting programs without forbearance.

**Note on rounding.** Reporting rates may appear with two decimal places. Rates between 84.50 and 84.99, inclusive, are equivalent to 85.00 – as meeting the minimum reporting requirement.

**2.1 Conduct semi-annual assessment.** PHAs must meet the 85 percent minimum reporting requirement for both public housing and Section 8 certificates and vouchers. For the semi-annual assessment period ending in June, Field Offices and TARC's will review the June HA Delinquency report, available from MTCS in mid-July, to determine if PHAs meet the reporting requirement. For the semi-annual assessment period ending in December, Field Offices and TARC's will review the December HA Delinquency report, available from MTCS in mid-January, to determine whether the PHAs meet the minimum reporting requirements for the assessment period.

**2.2 Notify underreporting PHAs.** Following the release of the semi-annual assessment (June and December Delinquency reports), Field Offices and TARC's notify PHAs that have not achieved 85 percent reporting for public housing, Section 8, or both programs. Field Offices or TARC may contact PHAs by letter or telephone call and should offer technical assistance.

**2.3 Review PHA forbearance requests.** To avoid sanctions, delinquent PHAs must submit a written forbearance request to the appropriate Field Office or TARC. PHAs must request forbearance from sanctions in writing. In general, the request must incorporate: (a) reasons for underreporting, (b) proposed actions to improve reporting, and (c) monthly milestones. A second request for forbearance should include (d) a description of past efforts to improve reporting and

achievements. The deadline for PHAs is August 15 or February 15, following the June or December assessment. See Appendix IX for a sample checklist for forbearance.

**2.3.1 Second requests for forbearance.** Field Offices and TARC's may approve a second request for forbearance if the second request covers the subjects identified under Substep 2.3 and if the PHA has shown substantial progress toward the 85 percent goal or can demonstrate circumstances beyond its control that prevented progress. Field Offices and TARC's may establish a definition of substantial progress, for example a 10 percentage point improvement in reporting since the last semi-annual assessment.

**Note on counting the number of requests (and historical note on the initial assessment period).**

HUD gave PHAs two opportunities to request forbearance from sanctions with respect to the semi-annual assessment conducted following June 1999. Deadlines for requesting forbearance were April 15 and August 15, 1999. Although it was not necessary, some PHAs submitted requests pursuant to both deadlines. Therefore, even if the PHA submitted a request by April 15 and another by August 15, HUD recognized that the PHA as having submitted only one request for forbearance. PHAs that submitted a request by the February 15, 2000, deadline were on their first or second request only.

**2.3.2 Third or higher requests for forbearance.** Field Offices and TARC's will forward third, fourth, etc., requests with recommendations to PAHD. Field Offices and TARC's will also include such requests on the status list. If a PHA requests a third or other forbearance from sanctions, the Field Office or TARC must submit the request with a recommendation to HUD Headquarters (PAHD) for review and approval. Headquarters will not approve a recommendation for a third or other forbearance unless the PHA achieves a substantial improvement in reporting, for example 25 percentage points over its reporting rate at the end of the previous assessment period. PAHD will report back to the Field Office or TARC on the status of the request. Field Offices and TARC's will retain records of the third, fourth, or higher forbearance request.

**2.3.3 Known reasons for failure to reach reporting rate.** HUD recognizes four reasons – generally beyond the PHA's control – that can affect PHA reporting rates: (1) errors or discrepancies between data that comes into MTCS from other HUD data systems and data that PHAs maintain on their own programs – e.g., number of occupied public housing units, which comes from HUD's Integrated Business System (IBS) or the Public and Indian Housing Information Center (PIC) and number of Section 8 units under lease estimated from HUDCAPS; (2) erroneous reporting of families to the PHA; and (3) participation in Moving to Work (MTW) Demonstration.

For the December 1999 semi-annual assessment, HUD specified an additional automatic reason for forbearance: (4) implementation of provisions of the *Public Housing Reform Act of 1998*, including the Section 8 certificate-voucher merger rule. If one of these four situations causes a PHA to underreport, then HUD should approve the PHA's forbearance request. The Field Office or TARC may approve forbearance for other reasons – especially, when the PHA is making an effort to improve reporting and underreporting is caused by factors outside the PHA's control. The PHA must submit a written request for forbearance and cite one or more of these circumstances as a reason for underreporting. In response, the Field Office or TARC should determine first whether the circumstance accounts for the difference between the PHA's reporting rate (for the given semi-annual assessment) and the minimum reporting rate of 85 percent.

**Discrepancies between PHA inventory and MTCS.** It is likely that some PHAs will report discrepancies between the “Occupied” units reported in MTCS and the PHAs’ accounting of their own public housing or Section 8 inventories. Discrepancies are likely to arise because of the lag between changes in IBS or PIC for public housing and HUDCAPS for Section 8. It is also possible that HUDCAPS and IBS do not reflect large, short term fluctuations in inventory (e.g., due to demolition), lease up, other events that would be reflected in the next Form HUD-51234 Occupancy Report for public housing or Year-End Settlement for Section 8. In the event that a discrepancy causes a PHA to fail to meet the 85 percent minimum reporting rate, the PHA must request forbearance to avoid sanctions. Field Offices and TARC’s that receive discrepancy-related requests for forbearance should:

- Confirm the discrepancy and determine the correct information.
- Determine that the discrepancy would account for underreporting. If so, then,
- Approve the forbearance request.

**Note on reporting problems due to erroneous reporting by other PHAs (e.g., portability).** A few PHAs have reported to HUD that “occupied units” (the number of forms that MTCS expects from the PHA) reflects Section 8 families that have ported out of the PHA. Yet, forms submitted for such families are not credited against the originating PHA’s occupied units – even if the originating PHA remains as the administrator. Even when there is a Form in the system for a ported-out family, the Form is credited to the receiving agency. PHAs experiencing lower-than-85 percent reporting because of out-portability must submit a request for forbearance identifying the problem and demonstrating that it is this problem that is preventing the PHA from achieving 85 percent report reporting in Section 8. Field Offices and TARC’s that receive portability-related requests for forbearance should:

- Confirm that there has been portability.
- Determine that the number of erroneously report families would account for underreporting. If so, then,
- Approve the forbearance request.

Problems in the reporting rate caused by portability should have been corrected by modifications to the HA Delinquency report. In December 1999, the reporting rate for Section 8 was based on “occupied units administered,” which is based on the estimated number of assisted families adjusted for *port-ins* and administered by other PHAs and *port-outs* administered by the PHA. PHAs may request forbearance based on portability, but should demonstrate that the corrected reporting rate still does not adjust for effects of portability on reporting rate.

**Participation in the Moving To Work Demonstration.** Some PHAs have been selected to participate in the Moving To Work (MTW) demonstration program. Because rent and income may be calculated differently under the demonstration, HUD has determined that PHAs will not be penalized for any MTCS reporting problems that may result. As in the case of portability, in order to be held harmless, MTW PHAs must request forbearance from sanctions. Field Offices and TARC's that receive MTW-related requests for forbearance should:

- Confirm their participation in the MTW Demonstration with the Office of Policy, Program, and Legislative Initiatives at HUD Headquarters.
- Determine that the number of MTW families would account for underreporting. If so, then,
- Approve the forbearance request.

In the fourth quarter of FY 2000, HUD will release a MTCS reporting system specifically for MTW families. Once this system becomes operational, PHAs who participate in MTW will be subject to the reporting requirements outlined in Notice 2000-13.

**Implementation of the *Public Housing Reform Act*.** The new release of MTCS, *MTCS 2000*, and the redesigned Form HUD-50058, expected 4<sup>th</sup> quarter FY 2000, will accommodate changes in income and rent determination required by the 1998 legislation, as well as other program changes. Until then, PHAs may not be able to report all families to MTCS. PHAs requesting forbearance based on the Public Housing Reform Act must demonstrate that underreporting was caused by the PHA's inability to report families.

**Section 8 certificate-voucher merger.** Perhaps the most significant feature of the Public Housing Reform Act for MTCS was the merger of Section 8 tenant-based certificates and vouchers. HUD issued Notice PIH 99-35, Implications under Notice PIH 99-2, Reporting Requirements for MTCS, to address the statutory merger of Section 8 tenant-based certificates and vouchers in the new Housing Choice Voucher Program. HUD realized that it may have taken PHAs beyond October 1, 1999, to implement the necessary software changes outlined in Notice PIH 99-35, the Section 8 certificate voucher merger rule. HUD expected that PHAs would have software changes in place to implement the new voucher formula and could submit affected voucher records by January 28, 2000.

PHAs must continue to report to MTCS in accordance with Notices PIH 99-2 and 2000-13; that is, PHAs must achieve and sustain reporting of at least 85 percent for public housing and for Section 8 tenant based assistance. PHAs that did not report at or above 85 percent for Section 8 at the semi-annual assessment period that ended December 31, 1999, are subject to review and sanctions.

The availability of this reason for forbearance is limited to the December 1999 semi-annual assessment. After January 2000, PHAs are expected to report on families under the new voucher formula.

Field Offices and TARC's should consider favorably written requests for forbearance from sanctions from PHAs that are unable to meet the 85 percent minimum reporting requirement due to programming changes needed to implement various provisions of the Reform Act. With respect to the merger rule, PHAs were expected to justify such a forbearance request and



demonstrate to HUD that they made every effort to ensure that the merger rule software changes were implemented to permit full voucher reporting no later than January 28, 2000. Field Offices and TARC's that receive forbearance requests based on the Public Housing Reform Act should:

- Confirm that the PHA has or has not been able to transmit Section 8 records with the new formula or transmit records because of other changes in the Act.
- Determine that the non-submission of records due to changes in the Act caused a reduction in reporting percentage below 85 percent. If so, then,
- Approve the forbearance request.

**2.4 Respond to forbearance requests.** Field Offices and TARC's must respond in writing within 30 days to PHAs that make written requests. Field Offices and TARC's may approve or reject a forbearance request. Also, Field Offices and TARC's may accept a forbearance request with modifications as long as it ensures that the PHA takes concrete steps toward achieving interim milestones and, ultimately, the minimum reporting rate.

**2.5 Report back to HQ on forbearance status.** Thirty (30) days after the PHAs' forbearance request deadline, Field Offices and TARC's must report back to PAHD by September 15 or March 15. PAHD will provide a formatted spreadsheet based on the HA Delinquency report. Field Offices and TARC's will update and return the standardized spreadsheet by providing:

- Whether the identified underreporting program no longer exists;
- Date of the forbearance request (if any);
- Number of request;
- Field Office/TARC response (approved, approved with modifications, disapproved, forwarded to HQ (third or higher number request for forbearance); and
- Date that the Field Office/TARC responded to the PHA.

Appendix X provides instruction for and a sample of the standardized format.

**2.6 Maintain records.** Field Offices and TARC's must maintain written records of forbearance requests and responses. Also, Field Offices and TARC's are encouraged to maintain a Forbearance Tracking Spreadsheet. Field Offices and TARC's may use a format based on the sheet sent from PAHD. Another example is provided in Appendix XI. At a minimum, records should include:

- All correspondence between the PHA and Field Office or TARC with respect to Notices PIH 99-2 and 2000-13;
- Logs of other contact between the PHA and Field Office;
- Dates and numbers of the PHA's forbearance requests;

- The Field Office's or TARC's response – including date of response and the response (approval, approval with modifications, disapproval, or referral to HQ for third or higher number request);
- Notes on technical assistance provided to the PHA;
- Reasons for underreporting (PHAs without forbearance);
- Review findings and responses; and
- Recommendations to HQ for default designation and sanctions.

Field Offices and TARC's can update the forbearance status list monthly to record reporting rate progress.

**2.7 Follow-up with non-forbearance PHAs and report back to HQ.** Within 30 days of the reporting deadline under Substep 2.5, Field Offices and TARC's report back to PAHD on follow-up activities with respect to underreporting programs without forbearance. Follow-up activities may include those outlined under Step 3.0 (Review and Sanctions). At a minimum, follow-up must include a determination of reasons for underreporting. Field Offices and TARC's provide an explanation to PAHD. (See Appendix XII.) Suggested diagnostic questions and resources are identified in Appendices VII and VIII.

**2.8 Continue to monitor and provide TA.** Field Offices and TARC's continue to monitor PHA progress and provide technical assistance to public housing and Section 8 programs with an approved forbearance from sanctions – until the next semi-annual assessment.

**2.9 Automatic sanctions.** Underreporting public housing and Section 8 programs without forbearance are subject to automatic sanctions:

- **Section 8 administrative fee reduction.** PHAs that underreport Section 8 families are subject to an automatic 10 percent administrative reduction for the assessment period leading up to the assessment.
- **Site-based waiting list.** PHAs that underreport public housing families are subject to disapproval of requests for site-based waiting lists. Sustained, substantial improvement in MTCS reporting must be demonstrated prior to HUD approval.
- **Public Housing Drug Elimination Program (PHDEP).** Beginning with the FY 2000 PHDEP funds and annual renewal funds, if a PHA underreports public housing families to MTCS, HUD will suspend the grantee's ability to draw down grant funds. The suspension will be lifted when the PHA demonstrates minimum reporting performance.

HUD may approve and announce additional automatic sanctions.

### Step 3.0 Review and Sanctions

Field Offices and TARC's are authorized by Notice PIH 2000-13 to conduct formal reviews of PHA operations related to MTCS reporting if the PHA does not meet the minimum reporting requirement and does not obtain forbearance from sanctions. If a PHA fails to cooperate with

such a review, or fails to take remedial actions in response to findings from the review, the Field Office or TARC may recommend to PAHD that it designate the PHA's public housing or Section 8 tenant-based assistance program in substantial default. Review is not limited to the HA Delinquency report, but to any possible underlying factor – including, but not limited to late reexaminations, errors in income or rent calculations, non-compliance in Family Self-Sufficiency, or failure to report portability or End of Participation. Performance reviews can entail an informal review without travel to the PHA (including, for example, the use of MTCS or other management reports, the administration of the “diagnostic questions” in Appendix VII), an on-site review of PHA operations, or both. At the present time, Field Offices or TARCs may not initiate MTCS-related sanctions. Direction to implement sanctions must come from HUD Headquarters with Field Office or TARC recommendations.

Step 3.0 is broken down further into three substeps:

- 3.1 Choice and conduct of review
  - 3.1.1 Informal Review
  - 3.1.2 On-Site Review
- 3.2 Referral to HQ
- 3.3 Default and Targeted Sanctions

Step 3.0 lays out procedural requirements *in the event that Field Offices or TARCs elect to undertake an MTCS-related review or recommend that a PHA be sanctioned for MTCS-related deficiencies or lack of cooperation.*

The review process permits HUD Field Offices and TARCs to use their existing authority to investigate reasons behind deficient MTCS reporting. The review step is intended to give the PHA an additional opportunity to improve reporting and avoid sanctions. Review provides the Field Office or TARC an opportunity to investigate PHA operations that could affect reporting performance, and to work more closely with the PHA to resolve problems that affect reporting adversely. Field Offices and TARCs are directed to monitor and investigate PHA performance required under statute and contract, to prepare written findings based on these investigations, to give PHAs opportunities for comment and to take remedial action to resolve findings, and to recommend or impose sanctions for statutory violations, contractual breaches, and unwillingness to cooperate.

Field Offices and TARCs may elect to perform a review at either or both of two levels: Substep 3.1.1, Informal Review, and Substep 3.1.2, On-Site Review. The scope of review encompasses the PHA's MTCS reporting performance and all related operations. It is HUD's policy, under most circumstances, not to levy MTCS-related sanctions (other than automatic sanctions) until the Field Office or TARC has completed a review. If a PHA cooperates with the Field Office's or TARC's review and makes a good faith effort to implement remedial actions, then there may be no need for the Field Office or TARC to recommend a declaration of default or to recommend sanctions. Conversely, if the PHA refuses to cooperate with the review or refuses to take remedial action, then the Field Office or TARC may proceed to Substep 3.2.

In order to refer a PHA for sanctions under Notice PIH 2000-13, the Field Office or TARC must either: (1)(a) complete a review of the PHA's performance with respect to MTCS reporting and related operations and (1)(b) conclude that the PHA was unwilling or unable to undertake remedial actions to improve reporting, or (2) conclude that the PHA will not cooperate with

efforts to resolve MTCS reporting problems short of sanctions. In either case, the Field Office or TARC must forward its recommendation in writing to PAHD.

The Field Office or TARC should have a policy on the selection of PHAs for MTCS related review. Ideally, the Field Office or TARC will incorporate review of underreporting PHAs with other strategies for improving PHA performance – for example, its Business Operating Plan (BOP), PHA risk assessments, and travel planning.

The Field Office or TARC must maintain records of all communications, assessment activities, and findings concerning the reviewed PHA. The Field Office or TARC must keep PAHD informed – especially when providing PHAs with written findings and recommendations and when recommending the imposition of sanctions. Field Offices and TARC's cannot declare a PHA to be in violation of its Annual Contributions Contract (ACC) and cannot impose sanctions without making a written recommendation to PAHD and obtaining approval.

**3.1.1 Informal (Off-Site) Review.** The purpose of this review is to allow the PHA to *cure* deficiencies before HUD declares it to be in default. The review process is designed to hold PHAs accountable for their reporting performance – including all aspects of their operations that contribute to timely and accurate performance. What distinguishes the review process from the forbearance process is the scope of the Field Office's or TARC's inquiry, as well as the degree of formality – for example, following a review, the Field Office or TARC must provide the PHA with written findings of deficiencies and recommendations for remedial action. During the review process, Field Office and TARC's may pose the same diagnostic questions of underreporting PHAs as they might use during on-going monitoring (Step 1.0) and the forbearance process (Step 2.0). Yet, during the review steps, the focus is on improving PHA operations and ensuring that they adhere to all requirements and policies related to collection and reporting of family data, accurate determination of rent, timely reexamination, and other related occupancy and admissions operations.

Ordinarily, the first step in the review process is an informal review by the Field Office or TARC, Substep 3.1.1. Alternatively, the Field Office or TARC may elect to proceed to the On-Site Review, Substep 3.1.2, if it has conducted off-site investigation in the context of Step 1.0, Monitoring MTCS Reporting and Assist PHAs, or Step 2.0, Semi-Annual Assessments and Forbearance, or has reason to believe that on-site review would be more effective.

For an informal review, the Field Office or TARC will request information from the PHA on an off-site basis. Much of the request for information will serve as a continuation of the on-going monitoring process. It is likely that most reporting problems discovered in the review could have been solved prior to review and, with this view in mind, the Field Office or TARC should make every effort to resolve problems before pursuing the next level of action.

After the PHA has provided information, the Field Office or TARC will assess the information and provide a written summary of findings to the housing authority, as well as recommendations for remedial actions – an *Informal Review Letter*. To avoid sanctions, the PHA must undertake remedial action and demonstrate improvements. Alternatively, the PHA may respond to the findings and request modifications to the findings and recommendations. The Field Office or TARC may prepare a modified Informal Review Letter. Remedial action may include the decision of the Field Office to enter into a Memorandum of Agreement (MOA) with the PHA. The MOA would include MTCS-related *Performance Targets* for the PHA. (In general, a Performance Target for MTCS would be 85 percent reporting, but the Field Office or TARC could establish interim

reporting milestones and other performance goals.) With respect to “troubled” PHAs, the TARC may modify its MOA with the PHA and include MTCS-related performance targets for the PHA.

If the PHA refuses to respond or undertake remedial action, the Field Office or TARC may initiate an on-site review (Substep 3.1.2) or proceed to recommend default and sanctions (Substep 3.2). It is the PHA’s responsibility to provide evidence of its performance, in addition to performance measured by MTCS reports.

The Field Office or TARC must maintain records – including any correspondence, telephone call records, the Informal Review Letter, and any documentation necessary to support its actions. The Field Office or TARC will maintain communications and other evidence provided by the PHA. The Field Office or TARC must send a copy of the Informal Review Letter (and any modified Informal Review Letter) to PAHD.

**3.1.2 On-Site Review.** During this process, the Field Office or TARC will undertake an on-site review of PHA operations related to MTCS reporting. Prior to or during the visit, the Field Office or TARC may administer diagnostic questions, conduct other interviews, examine tenant or participant files, inspect computer systems, and carry on other investigations related to MTCS reporting and data quality – including, but not limited to:

- Proper implementation of the current Form HUD-50058;
- Timely and accurate reexaminations;
- Accurate income and rent determination at admission, portability moves, other moves, interim examinations, and other occupancy events;
- PHA staff ability to use computers to maintain, edit, and transmit Form HUD-50058 data;
- PHA staff ability to use MTCS on-line reports;
- Occupancy staff training;
- Contracting procedures and operations concerning computer software and service vendors.

On-Site Reviews can address any aspect of the PHA’s operations relevant to the timely and accurate reporting of Form HUD-50058 data. The Field Office or TARC should inform the PHA of the specific aspects of its operation that will be included in the On-Site Review.

At the end of the On-Site Review, the Field Office or TARC will prepare a *Site Review Findings Letter* (and provide copies to the PHA and PAHD). The letter will include findings and recommended remedial actions by the PHA. The PHA may respond to the letter by: (1) acknowledging the letter and proceeding to implement remedial actions, (2) responding to the letter and request that it and the Field Office or TARC enter into a *Negotiated Remedy*, or (3) ignoring or otherwise indicating a refusal to implement remedial actions. In response to a PHA’s request for modifications, the Field Office or TARC may issue a revised Site Review Findings Letter.

A Negotiated Remedy entails Field Office or TARC and PHA negotiation leading to an agreement on a plan of action, including performance targets. The Negotiated Remedy may be incorporated in a Memorandum of Agreement (MOA) that includes an *Improvement Plan* and *Performance Targets*.

If the PHA refuses to respond or undertake remedial action, the Field Office or TARC may proceed to recommend default and sanctions (Substep 3.2). It is the PHA's responsibility to provide evidence that its operations are performing well or that it is taking steps to improve operations. The review process encompasses performance beyond reporting; it goes to the underlying operations.

The Field Office or TARC must maintain records – including correspondence, telephone call records, the Site Review Findings Letter, resulting Memoranda of Agreement, and any other documentation necessary to support its actions. The Field Office or TARC will maintain communications and other evidence provided by the PHA. The Field Office or TARC must send a copy of the Site Review Findings Letter to PAHD.

### **3.1.3 Notification of PHA and HUD Headquarters of findings and required corrective actions.**

Field Offices and TARC must notify the PHA and PAHD of any findings and required corrective actions. Also, TARC should copy the Office of Troubled Agency Recovery (OTAR). The Field Office or TARC must specify deadlines for corrective actions.

**3.2 Referral to HQ.** The Field Office or TARC cannot impose MTCS-related sanctions on PHAs, but can recommend sanctions. In addition, the Field Office or TARC cannot declare a PHA to be in default of its ACC, but can recommend that PAHD make such a declaration.

Bases for referring a PHA for a declaration of default and sanctions include, but are not limited to:

- **Non-cooperation.** The Field Office or TARC may cite a PHA for non-cooperation if all of these events occur: (1) PHA reports under 85 percent for either public housing or Section 8 at the semi-annual assessment. (2) PHA fails to obtain forbearance from sanctions. (3) PHA does not cooperate with Field Office or TARC conducting an informal or on-site review. (4) Field Office or TARC refers PHA to PAHD for default and sanctions.
- **Failure to resolve findings.** The Field Office or TARC may cite a PHA for failure to resolve findings if all of these events occur: (1) PHA reports under 85 percent for either public housing or Section 8 at the semi-annual assessment. (2) PHA fails to obtain forbearance from sanctions. (3) Field Office or TARC undertakes a Substep 3.1.1 or Substep 3.1.2 review. (4) Field Office or TARC notifies the PHA of findings (deficiencies) and proposes remedial actions – following an on-site review. (5) PHA fails to take remedial actions within a reasonable time period. (6) Field Office or TARC refers PHA to PAHD for discretionary sanctions.
- **Ineligible for forbearance.** The Field Office or TARC may cite a PHA as ineligible for forbearance if all of these events occur: (1) PHA reports under 85 percent for either public housing or Section 8. (2) PHA obtains forbearance from sanctions based on the most recent semi-annual assessment. (3) PHA fails to achieve 85 percent reporting by the next semi-annual assessment. (4) PHA fails to apply for another forbearance request, or fails to qualify for another forbearance. (5) Field Office or TARC refers PHA to PAHD for default and sanctions.

- The Field Office's or TARC's referral must be in writing and signed. A phone call or memorandum to the files will not suffice. The referral letter must be signed by the office director, public housing division director (or other public housing trust officer), or other senior officer. The referral letter must contain the reason(s) for declaring default. The referral letter may include suggestions for remedies or sanctions. The Field Office or TARC should include copies of correspondence with the PHA, telephone call records, and other tangible evidence of the PHA's lack of cooperation, operating deficiencies, and so forth, with respect to MTCS. Referrals should be addressed to Patricia S. Arnaudo, Office of Public and Assisted Housing Delivery (attn: MTCS).

**3.3 Default and Sanctions.** This substep covers both the formal designation of PHAs in default of their contract obligations and the process of imposing sanctions.

**3.3.1 Default designation.** Upon receipt of the Field Office's or TARC's referral, HUD (the Office of Public and Indian Housing) will:

- Review the Field Office or TARC submission and MTCS reports to confirm that the PHA is in default and that its poor performance or conduct has *triggered* the need for sanctions.
- Notify the PHA that it has been referred for declaration of substantial default of its ACC. This notification will provide the PHA with an opportunity to appeal the referral. The burden is on the PHA to demonstrate that its actions did not trigger default. PHAs will have one week from the date of the notice to submit an appeal to PAHD.
- Keep the Field Office or TARC informed.

HUD (PIH) has the discretion on the course of action to:

- Approve, approve with modifications, or reject the Field Office's or TARC's recommendation of default designation and sanctions.
- Approve the PHA's appeal and avert sanctions, while holding out the possibility of sanctions for continued underreporting.
- Approve the appeal with modifications, averting sanctions, and directing the PHA and Field Office (or TARC) to enter into a MOA that incorporates an Improvement Plan and Performance Targets, while continuing to hold out the possibility of discretionary sanctions.
- Reject the appeal, notifying program and funding offices to implement default sanctions, and proceeding with a Targeted Intervention (corrective actions targeted to MTCS related improvements), or
- Take other appropriate action.

Factors to consider in granting appeals include:

- History of the PHA's reporting performance, including any improvement reporting,
- History of the PHA's cooperation with Field Office or TARC,
- Seriousness of findings,
- Field Office or TARC assessment of whether PHA can remediate findings without outside assistance or intervention.

Other factors will be considered, including willful disregard of statutes, regulations, notices, or contract requirements; misrepresentation of material matters; criminal or unethical conduct; falsification of records; fraud.

Once the appeal opportunity and process is concluded, HUD will:

- Impose additional automatic sanctions (as available).
- Initiate a Targeted Intervention or, in the case of a troubled PHA, amend the MOA with HUD.
- Direct the PHA to obtain technical assistance or assign a technical assistance provider (if funds are available).
- Consider discretionary sanctions – including available monetary sanctions (such as holds on funding approval and draw-downs, conditioning the receipt of funds), and assignment of MTCS related activities to another party (at the PHA's expense).
- Consider referral to the Office of the Inspector General, HUD Assessment Center, or other offices for investigation.
- Conduct semi-annual performance reviews over time to determine whether to lift or continue to impose sanctions.

The Field Office or TARC will review the performance and operations of the PHAs in default following each semi-annual assessment. If the PHA achieves sustained, minimum reporting levels, then the Field Office or TARC can recommend that HUD terminate automatic sanctions or other default remedies. Discretionary sanctions and Targeted Intervention will remain in place until the Field Office or TARC has determined that the PHA has implemented the Improvement Plan, achieved Performance Targets, or otherwise satisfied the Field Office or TARC of its ability to implement all MTCS related functions properly.

**3.3.2 Automatic sanctions.** HUD may impose additional automatic sanctions that would take effect at this point.

**3.3.3 Targeted sanctions.** HUD may initiate discretionary or targeted sanctions once the PHA is designated in substantial default. Section 565 of the Quality Housing and Work Responsibility Act (QHWRA) of 1998, Expansion of Powers for Dealing with Public Housing Agencies in Substantial Default, modifies the provision for assignment of PHA functions (solicitation of



competitive bids by other PHAs and private housing management agents) and lets stand other remedies under Section 6(j)(3) of the U.S. Housing Act of 1937. Section 6(j)(3) provides HUD with remedies in the event that a PHA is in “substantial default ... with respect to the covenants or conditions to which the public housing agency is subject” or are a part of a “troubled” agency agreement – including petition for the appointment of a receiver.

## **D. Automatic Sanctions**

**Section 8 Administrative Fee Penalty.** HUD Headquarters will initiate any assessment of Section 8 administrative fee penalties. The Office of Public and Assisted Housing Delivery will coordinate the assessment of such penalties with the Section 8 Financial Management Center. Appendix XIII contains more information about the Section 8 administrative fee penalty.

Field Offices and TARCs may not assess Section 8 administrative fee penalties for failure to comply with Form HUD-50058 reporting requirements. The former Notice PIH 96-20 (extended by Notices PIH 97-20 and 97-52) regarding reductions of Section 8 administrative fees when 75 percent reporting was not reached has expired. Notices PIH 99-2 and 2000-13 supersedes that notice. The instructions in Notice 96-20 must no longer be followed.

**PHDEP Draw-Down Suspension.** PHAs are prevented from being able to use their formula allocations of Public Housing Drug Elimination Program (PHDEP) funds if they fail to meet minimum reporting requirements and fail to obtain forbearance from sanctions. (See 24 CFR 761.30(f)(2)(i).) See Appendix XIV for more details on the implementation process.

**Site-Based Waiting Lists.** HUD's PHA Plan rule continues the policy of permitting HUD to withhold approval of site-based waiting lists for underreporting PHAs. (See 24 CFR 903.7(c)(1)(A).)

## **E. For More Information**

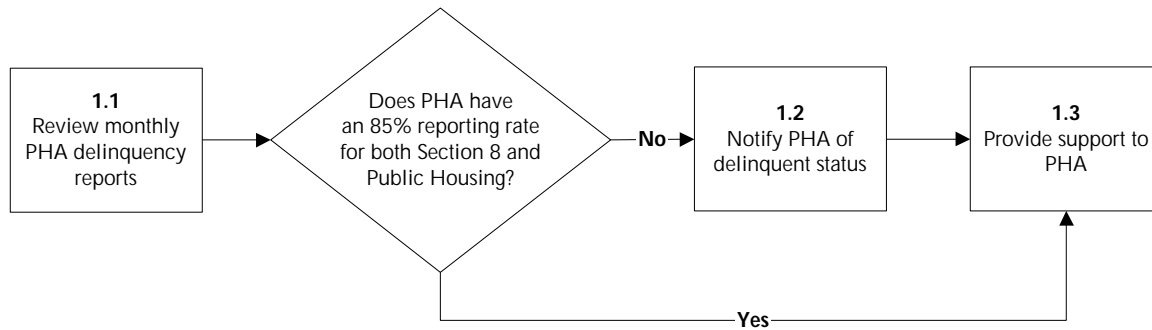
Field Offices and TARCs should maintain contact with the Office of Public and Assisted Housing Delivery (PAHD) when taking any action under Notice PIH 2000-13. PAHD and its designees are available to clarify provisions in the Notice PIH 2000-13, to provide referrals to technical information sources on MTCS, and to discuss options for responding to particular PHAs which appear to be heading for sanctions. Appendix VI identifies contacts for PHAs and Field Offices to obtain answers to questions about Notice PIH 2000-13, about Form HUD-50058 reporting requirements, and about MTCS in general.

Additional questions may be directed to Pat Arnaudo in the Office of Public and Assisted Housing Delivery at (202) 708-0614 x4250 or [patricia\\_s.\\_arnaudo@hud.gov](mailto:patricia_s._arnaudo@hud.gov).

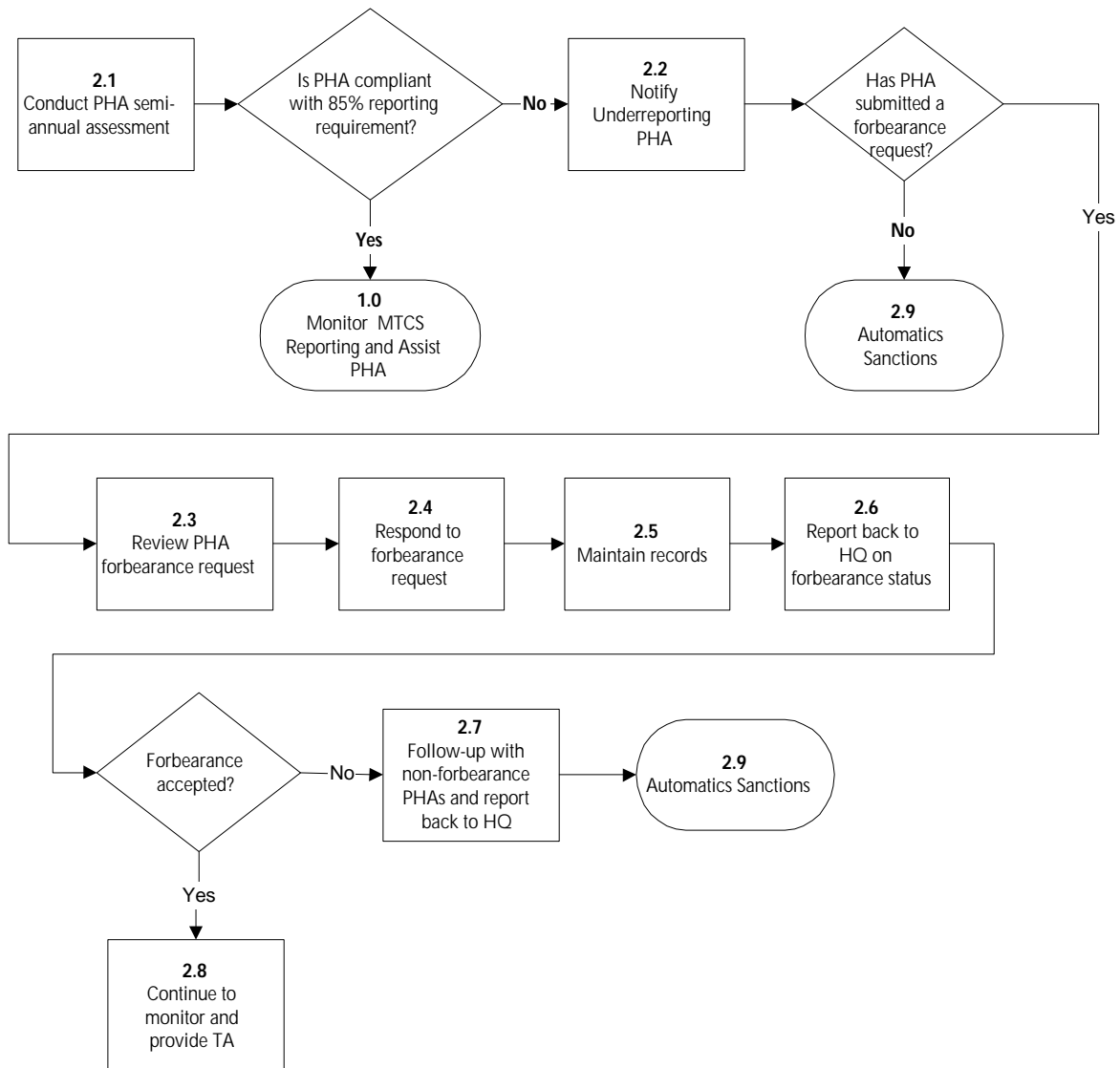
## Appendix I. Notice PIH 2000-13 Processing Steps

There are three steps to the processing guidelines.

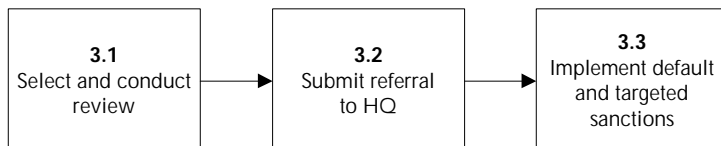
### 1.0 Monitor MTCS Reporting and Assist PHAs



## 2.0 Conduct Semi-Annual Assessments and Review Forbearance Requests



## 3.0 Implement Sanctions



## **Appendix II. Background on MTCS Reporting Policy and HUD Monitoring of PHA Operations**

HUD issued Notice PIH 99-2 (HA) on January 28, 1999, to clarify the Form HUD-50058 reporting policy. PHAs under contract to receive and spend funds for public housing operations and Section 8 tenant-based assistance must submit data on the Form HUD-50058 to HUD electronically. Each month, HUD determines PHAs' reporting rates with respect to families assisted in public housing and Section 8 certificates and vouchers. Reporting performance is determined separately for public housing and Section 8. The minimum reporting rate is 85 percent for each program. If a PHA does not meet or surpass the minimum reporting rate at the time of a semi-annual assessment (following the June and December semi-annual assessments), the PHA is subject to sanctions.

On May 17, 1999, HUD issued Processing Guidelines to more fully implement Notice PIH 99-2. The guidelines detail a three-step implementation process:

- Step 1.0: Monitor MTCS Reporting and Assist PHAs
- Step 2.0: Semi-Annual Assessments and Forbearance
- Step 3.0: Review and Sanctions

This document replaces the May 17, 1999, processing guidelines and provides further clarification of Step 3: Review and Sanctions – in particular, methods available to Field Offices and Troubled Agency Recovery Centers (TARCs) for dealing with PHAs that do not achieve the minimum reporting levels *and* do not obtain forbearance from sanctions.

These processing guidelines encourage Field Offices and TARCs to monitor and provide technical assistance to PHAs with respect to MTCS throughout the year, not just following the semi-annual assessment. Field Offices and TARCs are authorized generally to monitor and review any PHA operations related to MTCS. For example, consider the following references to PHA monitoring in HUD handbooks and other guidance:

- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 6. Problem Resolution. 6-2(B). If the PHA and local leadership lack the capacity and/or commitment to improve PHA outcomes, the Field Office should consider whether to initiate targeted interventions in order to create the necessary conditions for change.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 7. Targeted Interventions. Examples of circumstances for which targeted intervention is allowed include ACC violation, resistance to review a monitoring report, unwillingness to work with HUD, and repeated failure to achieve overall improvement.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Chapter 12. Sanctions.
- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Introduction. This Chapter addresses sanctions available to HUD if a PHA fails to comply with Federal regulatory requirements and provisions of Part II of the Annual Contributions Contract (ACC) applicable to its performance, or in the case of a Troubled PHA, where it fails to perform in accordance with its MOA.

- Field Office Monitoring of Public Housing Agencies. Directive 7460.7 (REV-2). Substantial Default or Substantial Breach Sanctions. [S]anctions may be imposed, i.e., freezing of the PHA's bank accounts and funds, seeking court appointment of a Receiver, taking offenses or other violations. Specific causes and conditions applicable to these sanctions are found in 24 CFR part 24, and pertain to the PHA, specific employees of the PHA, or individuals doing business with the PHA, including contractors, attorneys, or consultants.

### Appendix III. Key Dates for Notices PIH 99-2 and PIH 2000-13

- A. **Overview of Forbearance Opportunities.** The forbearance process “looks back” at the last semi-annual performance assessment. PHAs may request forbearance from sanctions for the previous assessment period. For the January to June 2000 assessment period, PHAs will have only one opportunity to request forbearance from sanctions. PHAs must submit a written request by August 15, 2000, to avoid sanctions for the January-July 2000 period.

#### B. Key Dates

January 15, 2000	Approximate date for second semi-annual assessment (July-December, 1999)
February 15, 2000	Forbearance request deadline for PHAs (for July-December, 1999)
March 15, 2000	FO/TARC deadline to submit forbearance status list to HQ; FO/TARC review of underreporting HAs without forbearance
April 15, 2000	Completion of PAHD processing of forbearance status and list of PHAs subject to sanctions
April 30, 2000	PIH or PAHD informs FMC of PHAs to sanction (July-December, 1999)  PIH or PAHD informs FOs/TARCs of PHAs to receive PHDEP and other automatic sanctions
May 15, 2000	FO/TARC deadline to submit follow-up reports on programs subject to sanctions (reasons for underreporting)
July 15, 2000	Approximate date for second semi-annual assessment (July-December, 1999)
August 15, 2000	Forbearance request deadline for PHAs (for July-December, 1999)
September 15, 2000	FO/TARC deadline to submit forbearance status list to HQ; FO/TARC review of underreporting HAs without forbearance
October 15, 2000	Completion of PAHD processing of forbearance status and list of PHAs subject to sanctions
October 30, 2000	PIH or PAHD informs FMC of PHAs to sanction (July-December, 1999)  PIH or PAHD informs FOs/TARCs of PHAs to receive PHDEP and other automatic sanctions
November 15, 2000	FO/TARC deadline to submit follow-up reports on programs subject to sanctions (reasons for underreporting)



January 15, 2001	Approximate date for fourth semi-annual assessment (July-December, 2000)
February 15, 2001	Forbearance request deadline for PHAs (for July-December, 2000)
March 15, 2001	FO/TARC deadline to submit forbearance status list to HQ; FO/TARC review of underreporting HAs without forbearance
April 15, 2001	Completion of PAHD processing of forbearance status and list of PHAs subject to sanctions
April 30, 2001	PIH or PAHD informs FMC of PHAs to sanction (July-December, 2000)
	PIH or PAHD informs FOs/TARCs of PHAs to receive PHDEP and other automatic sanctions
May 15, 2001	FO/TARC deadline to submit follow-up reports on programs subject to sanctions (reasons for underreporting)

#### **Appendix IV. General Guidelines on MTCS Monitoring**

- A.** Field Offices and TARC's do not have to wait for the June or December reports on MTCS reporting performance. Step 1.0 of these Guidelines suggests notifying all underreporting PHAs after the initial assessment.
- B.** In general, Field Offices and TARC's can do any of the following at any time:
- Contact PHAs in the HA Delinquency report that owe the most records.
  - Identify other PHAs with reporting rates ("on hand percent") under 85 percent. Field Offices may want to contact these PHAs, alert them to Notice PIH 2000-13, and remind them of their reporting responsibilities. Field Offices may provide PHAs with the list of diagnostic questions (contained in Appendix VII) to help them identify and respond to reporting problems.
  - Maintain a correspondence file on all MTCS, Form HUD-50058, and Notice PIH 2000-13 inquiries. A correspondence file will be helpful in the event the Field Office or TARC seeks to impose sanctions later.
- C.** Field Offices should develop a strategy to improve reporting for PHAs in their jurisdiction. The starting place for devising the strategy is the monthly HA Delinquency report. Follow-up strategies for very large PHAs and very small PHAs are likely to be different.
- D.** Field Offices should ensure that all staff with Form HUD-50058 and MTCS responsibilities receive a copy of Notice PIH 2000-13 and any guidance materials. Field Offices should ensure that such staff has access to the MTCS application on the Internet. Field Office staff can contact their MTCS Administrator to obtain or renew their user ID and password. If you do not know who your MTCS Administrator is, you may contact Tom Williams in HUD Headquarters at (202) 708-4027 x6069. (Note: PHAs call the MTCS Hotline for passwords.)

## Appendix V. Helpful MTCS Reports for PHA Monitoring

PHAs and FOs can use Transmission, Proforma (standard), and Ad Hoc (custom) reports accessible via the Internet to conduct more in-depth, on-line monitoring.

**A. Monthly HA Delinquency report.** PHAs, Field Offices, and TARC's can access monthly reporting statistics on the HA Delinquency report to monitor their performance under Notice PIH 2000-13. This report tracks the number of Forms HUD believes PHAs should submit (occupied units), the number of current Forms MTCS has from the PHA (Forms on hand), the reporting rate, and the number of Forms sent in the past month, the past three months, and the past six months. MTCS only stores Forms transmitted by SprintMail or the Internet and that do not contain fatal errors. (Starting in the latter half of 2000 or early 2001, HUD will no longer accept Form HUD-50058 data via SprintMail.)

PHAs and Field Offices can access the HA Delinquency report when they:

- Go to the MTCS log-in screen
- Enter the user ID and password
- Select "HA Delinquency" report from the Main Menu screen

HUD Headquarters and TARC's can access the HA Delinquency report when they:

- Select "MTCS Reports" from the Main Menu screen
- Select a single program from the Program Selection
- Select "Field Office" Level of Information
- Select the Field Office
- Click the "Report Menu" button
- Select the "HA Delinquency" report from the Report Menu screen
- Locate the PHA from the list in the report. If the PHA's name does not appear on the first page, click "Next Housing Agency" button at the bottom of the screen to view the next list of PHAs in the report.

**B. Transmission reports.** PHAs, Field Offices, and TARC's can monitor individual submissions on the Submissions Status and Error reports available on MTCS.

**C. Key Management Indicators report.** The report provides a summary of management-related statistics – including late reexaminations.

**D. Ad Hoc reports.** PHAs, Field Offices, and TARCs can generate custom reports – which display individual family data only – to supplement the summary reports. Not all Form HUD-50058 data fields are available in ad hoc reporting. The monthly MTCS News Flash and the MTCS Web Reports Guide on the MTCS Web site provide sample query routines and technical guidance for ad hoc reporting.

List of current tenants submitted to MTCS within a PHA

At a recent meeting between HUD and housing agencies, PHA officials asked HUD for help in quickly identifying the tenants currently in MTCS. Such tenant records may reflect tenants in the PHA's public housing or Section 8 program – or may reflect tenants who are no longer in the PHA's programs. PHAs should update their records in MTCS by submitting End of Participation and Portability Move-Out records when appropriate.

The following commands will create an Ad Hoc report to help PHAs identify tenants presently in MTCS:

- Select "Ad Hoc Selection" from the Main Menu screen
- Click "Go"
- Select "All" from the Program Selection in the Ad Hoc Selection Menu
- Select "Housing Agency" from the Level of Information
- Select "Within a Field Office"
- Select the Field office and the Housing Agency from the drop down lists
- Click "Next"
- Select "All" from the Type of Action Selection
- Leave the "Effective Date of Action" fields blank
- Click "Go To Field Selection"
- Select "Program"
- Select "Project Number"
- Select "Type of Action"
- Select "Effective Date of Action"
- Select "Head of Household Last Name & Sr, Jr, etc."
- Select "Head of Household First Name"
- Select "Head of Household Social Security Number"
- Click "Run Query"

There is a standard download option under the Ad Hoc reporting feature that produces a similar report.

## Appendix VI. Where PHAs and Field Office Can Go for More Information

### A. PHAs can access technical information from five different sources:

- (1) **MTCS Web site.** Field Offices should encourage PHAs to use the MTCS Web site. It is the single best source of documentation, relevant HUD policy documents, and on-line help. Also, it is the gateway to MTCS reports.

General information on Form HUD-50058 reporting requirements and MTCS is available on the MTCS homepage at <http://www.hud.gov/pih/systems/mtcs/pihmtcs.html>. This includes relevant Notices, the Form HUD-50058 and instructions, a monthly *News Flash*, a Web Reports Guide, and other documentation on the data system. To access reports, PHAs need a user ID and password, which they can obtain by calling the MTCS Hotline at 1-800-FON-MTCS (1-800-366-6827). Specifically, the MTCS Web site contains the following information features and documents:

- MTCS Web Reports Guide
- Data Transmission Guide
- MTCS *News Flash* and *Quick Update!* pages for information on recent developments
- Form HUD-50058 Instruction Booklet
- Form HUD-50058 Technical Reference Guide
- FRS software and documentation
- MTCS training materials
- The Web site also provides access to the MTCS Forums.

- (2) **MTCS Forums.** PHAs and other MTCS users can post questions to the MTCS Forums. HUD attempts to answer each forum question within 48 hours. The Internet address for the Forums is <http://www.hud.gov/pih/systems/mtcs/forums.html>.

- (3) **Toll-free information services.** In addition to on-line information services, HUD provides two technical information resources for PHAs: the toll-free MTCS Hotline, the toll-free PIH Information and Resource Center.

- **MTCS Hotline.** The Hotline assigns passwords, provides technical advice on transmitting data to MTCS, and can help PHAs solve transmission problems. PHAs can call the Hotline for help in tracking Form HUD-50058 submissions that do not show up on MTCS reports. The Hotline operates from 8:00 AM to 8:00 PM Eastern time, Monday through Friday. The toll-free Hotline number is 1-800-FON-MTCS (1-800-366-6827).
- **HUD's Public and Indian Housing Information and Resource Center (IRC).** The IRC provides the PHAs' source of information on Notice PIH 2000-13 HUD's MTCS reporting and sanctions policy. The IRC is HUD's principal clearinghouse for information on public housing, Section 8, and Tribal housing programs. Also, the IRC provides general reference services to PHAs and HUD Field Offices. IRC

staff is available from 8:30 AM to 6:00 PM eastern time, Monday through Friday. The IRC's toll-free number is 800-955-2232.

- **HUD Field Offices.** Field Offices can help PHAs *trouble shoot* their reporting problems – for example, to help PHAs track their MTCS submissions, to identify data inconsistencies, and to help PHAs make the best use of MTCS resources like reports on the Internet.

**(4) Field Offices.** All Public Housing Divisions in the HUD Field Offices (and the TARCs) have an MTCS Coordinator. PHAs may contact their respective MTCS Coordinator for answers to technical and policy questions. The following section covers the resources available to MTCS Coordinators and other HUD staff in the field.

**(5) Peer Support.** PHAs can contact other PHAs in their respective regions for peer support.

**B. HUD Headquarters** has made a variety of technical resources available to Field Offices and TARCs to support their MTCS and Form HUD-50058 activities.

**(1) Training and peer support.** Typically, HUD provides an in-person technical training to MTCS Coordinators each year – with a focus on system enhancements. Training materials from that session are available from HUD Headquarters for follow-up training within Field Offices and TARCs. HUD may provide additional training and written guidance to Field Offices to help them carry out 50058 reporting, sanctions, and forbearance policies of Notice PIH 2000-13. In the interim, HUD will rely heavily on peer-to-peer training and support. (See section (B)(4) and (5) below for a list of national and regional experts.)

**(2) Delinquency and management reports.** Field Offices may find that MTCS reports are as helpful to them as to the PHAs. MTCS reports provide Field Office staff with an efficient monitoring tool. For example, by reviewing MTCS summary reports, Field Offices can gather data on PHA operations without requesting it from the PHA or conducting a site visit. Field Offices and PHAs can access the monthly HA Delinquency report from the Main Menu screen. PHAs can view their own HA Delinquency report and Field Offices can view the HA Delinquency report for all PHAs in their jurisdiction.

Headquarters and TARCs can access the HA Delinquency report when they:

- Select “MTCS Reports” from the Main Menu screen
- Select a single program (e.g., Public Housing)
- Select “Field Office” Level of Information
- Select “HA Delinquency” report in the Report Menu screen

Field Offices receive the HA Delinquency report from HUD Headquarters. HUD Headquarters sends a copy of the HA Delinquency report via the HUD mainframe to each Field Office designated printer. The report includes a separate cover report on the PHAs that owe the most 50058 records to MTCS (“Most Important to Follow Up”). (Field Offices that do not have passwords or whose passwords have expired should

contact Tom Williams at HUD Headquarters at (202) 708-4027, ext. 6069 or thomas\_j.\_williams@hud.gov.)

- (3) Regional and Hub office support.** Field Offices can obtain support from each other in solving MTCS-related problems. Offices within a geographic region or offices that cluster around a Hub office can organize their own division of responsibility, expertise, and outreach to PHAs.
- (4) Additional technical support and referrals.** In addition to the resources above, Field Offices seeking clarification of the Notice and related policies can contact the MTCS national ombudspersons:

New England, New York/  
New Jersey, Mid-Atlantic,  
Southeast/Caribbean,  
Midwest

Michael LaRicca  
Cleveland Area Office  
(216) 522-4058  
mike\_laricca@hud.gov

Southwest, Great Plains  
Rocky Mountains,  
Pacific/Hawaii, Northwest/  
Alaska

Suzanne Olmstead  
Washington State Office  
(206) 220-5290, ext. 3692  
suzanne\_olmstead@hud.gov

HUD Headquarters

Mark Matulef  
PIH Information and  
Resource Center  
(301) 495-1080, ext. 3259  
mmatulef@jbs1.com

- (5) HUD's experts in the field.** Public Housing Trust Officers, MTCS Administrators or Coordinators, and other staff with MTCS responsibilities in HUD Field Offices should distribute and review Notice PIH 2000-13, this guidance, and other key documents among Field Office staff. Staff with MTCS, occupancy, or related responsibilities in TARCs and the Section 8 Financial Management Center should receive copies of the Notice and relevant guidance. MTCS Coordinators and Administrators are responsible for training other Public Housing Division staff with MTCS-related activities – e.g., monitoring performance on indicators, such as late reexaminations.

Included among the field resources are 10 regional MTCS Experts who are available to share information and help resolve technical questions raised by other MTCS Coordinators in Field Offices or TARCs.

George Davenel  
george\_f.\_davenel@hud.gov  
(973) 622-7900  
New Jersey State Office

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## **Appendix VII. Diagnostic Questions for PHA Self-Assessment**

The following questions can be used by PHAs for a self-assessment or they can be administered by Field Offices to ascertain PHA capacity in reporting to MTCS and using MTCS reports. Field Offices can use the questions in conjunction with an informal or formal (on-site) review – for example, in preparing background information prior to on-site review.

### **General Questions**

1. Who is (are) the primary staff person(s) for MTCS at the PHA? Are there separate persons in charge of MTCS for public housing and Section 8?
2. Who keys and transmits MTCS (Form HUD-50058) data: PHA staff, temps, vendor, outside service bureau, etc.? Does the PHA separate or combine MTCS operations for public housing and Section 8? Does occupancy staff complete a hard copy Form HUD-50058 or key directly into an electronic format? Does occupancy staff ever key data into an electronic format?
3. How does the agency organize its occupancy operations – i.e., separate occupancy operations for public housing and Section 8 or a combined operation?
4. Whose software is used to enter and transmit Form HUD-50058 data – i.e., FRS, vendor software, system designed in the PHA? Does the PHA have a service or support contract to maintain or update its software? How are software updates handled? (If the PHA uses an outside vendor, ask the following questions.) Has the PHA considered using the FRS software? (If not, why not?) Has the PHA considered some other software solution?
5. Has the PHA ever sent a small sample of forms to see whether it is sending files that satisfy changes in MTCS or the Form HUD-50058?
6. What is the PHA's Internet capacity? What does the agency use the Internet for, generally? Does the agency use the Internet for MTCS: transmit records, access error reports, use TASS, access the News Flash, and access notices?
  - How does the agency use the Internet for MTCS: transmit forms, access error reports, access the News Flash, and access Notices?
  - How many work stations have Internet access?
  - Has the agency phased out Sprint Mail in preparation for MTCS 2000?
7. What does the PHA offer as a reason (or reasons) for missing forms? (Ask a general question first, then probe on the following: Form HUD-50058 conversion, other software limitations, vendor issues, Internet issues, PHA operations and internal communications, updating records to new formats.)
8. What has the PHA heard from HUD (HQ or Field Office) concerning its MTCS performance?

9. Has the PHA had occasion to contact or be contacted by the MTCS Hotline? Was the Hotline able to help? Where else has the PHA gone for help – e.g., user groups, HUD Headquarters staff, HUD Field Office staff?
10. What types of technical information or support would be helpful to overcome problems? What would help in the future?
11. When does the PHA expect to achieve the following milestones: ability to transmit both Public Housing and Section 8 data on the Form HUD-50058 (10/99), 75 percent up to date records, 85 percent up to date records?

### **Summary**

1. What are the PHA's major problems?
2. What are the possible solutions?
3. What is the likely time frame for bringing PHA reporting up to 75 percent? Up to 85 percent?

## Appendix VIII. Examples of Operational Issues Addressed in MTCS Related Review

All of these questions can be posed by the Field Office or TARC to the PHA as part of the informal, off-site review. Answers from the PHA and data from available MTCS reports can be used by the Field Office or TARC to prepare findings and propose remedial actions. If the PHA cannot or will not answer the questions to the satisfaction of the Field Office or TARC, then the Field Office or TARC can incorporate these questions into an on-site review.

- A. Assessing responsibility and training issues of MTCS personnel.** How many persons? Who handles which programs – Section 8 and public housing? What format of data is used, electronic or hard copy?

### Useful Tools for Monitoring and Review

Use the MTCS diagnostic questions (Appendix VII). For help in identifying relevant topics, consult the News Flash and MTCS Forum. Field Offices and TARC can pose questions on the MTCS Forum for ideas concerning staff, training, and related problems reported by other housing authorities.

- B. Occupancy information.** Is information for public housing and Section 8 handled together or separately?

### Useful Tools for Monitoring and Review

For leads on topics related to occupancy, consult the News Flash (e.g., for any rule changes) and the MTCS Forum (e.g., for additional information on recent problems reported by other housing authorities).

- C. Assess the function of computer systems.** Which software is used? Who handles the PHA's computer service contract? Software updates? Has the PHA resolved test records or fatal errors with the system?

### Useful Tools for Monitoring and Review

Consult the MTCS Internet Web site for technical information on reporting requirements. Contact the MTCS Hotline for transmission history. Scan the News Flash and the MTCS Forum for questions and answers on resolving computer problems. The Delinquency, Submission Status, and Error reports provide data on PHA reporting. Also, MTCS reports (e.g., Delinquency, Resident Characteristics, Key Management Indicators, New Admissions, Mobility and Portability reports) report provide recent data on the PHA's operations and families – a helpful starting point in assessing PHA performance.

- D. Assess Internet capacity as it applies to MTCS.** Is the housing authority able to transmit records, obtain error reports, access the News Flash or access notices?

### Useful Tools for Monitoring and Review

Consult the Technical Reference Guide and other documentation on the MTCS Web site for background information. Consult the News Flash and MTCS Forum for questions and answers on Internet use.

**Appendix IX. Field Office/TARC Sample Checklist for Forbearance and Follow-up with PHAs without Forbearance**

**PHA:** Shady Grove PHA

**HA ID:** MD001

**Program:** Public Housing

**Date forbearance request received:** 13 February 2000

**Date of response to forbearance request:** 14 February 2000

Required forbearance request element	Yes	No
1. Did PHA describe its reporting deficiency?	✓	
2. Did PHA explain the problems it has encountered?	✓	
3. Did PHA provide specific steps to improve reporting performance and overcome problems?		✓
4. Did PHA provide monthly goals to reach an 85 percent reporting rate by the next semi-annual assessment?	✓	
5. If it's a second request, did PHA demonstrate substantial improvement of its reporting rate?	✓	
6. If it's a third request, did PHA increase its reporting rate by at least 25 percent?		
7. Was the PHA's request for forbearance accepted?	✓	
8. If the PHA did not request or receive forbearance, did the Field Office or TARC contact the PHA for an explanation?		
9. Did the Field Office or TARC conduct a Review?		
10. Did the Field Office or TARC recommend default or additional sanctions?		

## Appendix X. Field Office/TARC Reporting on Forbearance Status

- A. Correct Format for MTCS Forbearance Requests.** In January and July, Field Offices and TARC's will receive a list or spreadsheet based on the HA Delinquency report that corresponds to the semi-annual assessment. The list will come via electronic mail. Field Offices or TARC's with questions about the format should contact the designated staff person at the Public and Indian Housing Information and Resource Center (IRC) at (301) 495-1080 or [jpaquin@jbs1.com](mailto:jpaquin@jbs1.com). Completed spreadsheets should be sent no later than one month after the PHA's forbearance request deadline to the IRC by e-mail. Spreadsheets will be reviewed for completeness and accuracy; they will be returned to the Field Office or TARC for correction if necessary.

If the Field Office or TARC believes a PHA reporting under 85 percent is missing, it should add the PHA to the list.

The list will cover public housing and Section 8 programs reporting under 85 percent at the end of June and December. The list will be distributed around the following July 15 and January 15. The list will contain an excerpt of data from the HA Delinquency report: Field Office, HA Code, Program, Name of Agency, Total Units, Occupied Units, On-Hand, Reporting Percentage.

The spreadsheet will include also six *columns* to be filled in by the Field Office or TARC. These columns represent information maintained by the Field Office or TARC as part of the Step 2.0 forbearance process. The columns are: (1) whether the program was still in existence as of the date of the semi-annual assessment, (2) the date of the forbearance request, (3) the number of the forbearance request, (4) the Field Office/TARC action, (5) the date of the Field Office/TARC response to the PHA date, and (6) comments. (See sample below.)

Field Offices and TARC's must fill in fields (1) through (5). For a program to receive forbearance from sanctions, the Field Office/TARC must specify:

- PHA request date
- Whether forbearance was approved or approved with modification
- The date of the Field Office/TARC response

- B. Due Date for Returning the Forbearance Tracking Spreadsheet.** For the assessment period ending December 31, 1999, Field Offices and TARC's were required to fill in the Forbearance Tracking Spreadsheet and return it to the IRC by e-mail no later than March 15, 2000. For the assessment period ending June 30, 2000, Field Offices and TARC's must return the completed list via e-mail to the IRC by September 15, 2000. For the assessment period ending December 31, 2000, Field Offices and TARC's must fill in the Forbearance Tracking Spreadsheet and return it to the IRC by e-mail no later than March 15, 2001.

**C. Master List of Programs with Forbearance and Programs Subject to Sanctions.** PAHD or the IRC will distribute copies of a consolidated or master list based on data provided by the Field Offices or TARC. Recipients will include the Section 8 Financial Management Center (for imposition of the automatic Section 8 administrative fee reduction), the Community Safety and Conservation Division, the Field Office Support Division, the Office of Troubled Agency Recovery, the PIH Grants Management Center, Field Offices, and TARC.

Field Office Name	PHA	Prog.	Agency Name	Total Units	Occ. Units	Sec. 8 Admin. Units	Sec. 8 Port. Move-ins	Sec. 8 Port. Move-outs	On hand Curr.	On hand %	Inact. Prog.	Date of Forb. Req.	Field Office/ TARC Action	Field Office/ TARC Resp. Date	No. of Req.	Comment
Birm.	AL110	Public	Lima	60	44	0	0	0	3	6.82	x					No request
Birm.	AL103	Public	Peru	40	38	0	0	0	20	52.63		1/24/00	App. with Mod.	2/23/00	1	
Birm.	AL192	Public	Shortsville	212	195	0	0	0	113	57.95		2/14/00	Disapp.	2/22/00	2	
Birm.	AL174	Public	Pittsford	100	98	0	0	0	60	61.22						Indian Housing
Birm.	AL078	Sec. 8	East Lima	14	8	8	0	0	0	0		2/7/00	App.	3/2/00	2	
Birm.	AL129	Sec. 8	Fairport	25	25	25	0	0	0	0						No request
Birm.	AL078	Sec. 8	Westport	368	359	359	0	0	297	82.73		1/14/00	App.	2/15/00	1	
Birm.	AL174	Sec. 8	Monroe	46	44	44	0	0	37	84.89						Rounded to 85 percent.
Birm.	AL146	Sec. 8	Waterford	20	19	19	0	0	16	84.21		1/20/00	App.	2/23/00	2	

## Appendix XI. Sample Forbearance Request Tracking Spreadsheet

Field Offices and TARCs must maintain records of forbearance requests and their responses. Field Offices and TARCs may use the historical tracking data and format that make sense for them. An example of a tracking spreadsheet is provided below. This optional format for record-keeping is different from the required format for reporting back to HUD on forbearance requests (see Appendix X).

PHA Name	HA ID	Date of forbearance request	Program	Request number	MTCS reporting rate (date request received)	FO/TARC response	FO/TARC response date	MTCS reporting rate (end of semi-annual period)
Victor Grove PHA	LA665	11-Aug-1999	Public Housing	First	70%	Approve	20-Aug-1999	80%
Victor Grove PHA	LA665	02-Feb-2000	Public Housing	Second	80%	Approve with modifications	10-Mar-2000	84%
Big Bird PHA	TX667	13-Aug-2000	Section 8	First	60%	Approve with modifications	31-Aug-2000	62%
Trevor Rhys PHA	OK668	05-Aug-2000	Public Housing	First	55%	Disapprove	01-Sep-2000	60%
Piasa PHA	AR669	10-Aug-1999	Section 8	First	70%	Approve	12-Aug-1999	75%
Piasa PHA	AR669	05-Feb-2000	Section 8	Second	75%	Disapprove	01-Sep-2000	75%
Carolyn PHA	TX670	12-Aug-1999	Public Housing	First	40%	Approve	02-Sept-1999	55%
Carolyn PHA	TX670	10-Feb-2000	Public Housing	Second	55%	Approve	01-Mar-2000	80%
Carolyn PHA	TX670	03-Aug-2001	Public Housing	Third	80%	Approve	22-Aug-2001	90%
Orbison RRHA	VA199	08-Aug-2001	Section 8	First	12%	Approve	29-Aug-2001	20%

## **Appendix XII. Field Office/TARC Reporting on Follow-up with Non-Forbearance PHAs**

Field Offices and TARC are responsible for contacting PHAs with public housing or Section 8 programs that are subject to sanctions. Even if the Field Office or TARC does not conduct a review of these PHAs' MTCS-related operations, HUD needs to know why the PHA is underreporting and how Field Offices and TARC are responding. Once the forbearance request deadline has passed, Field Offices and TARC must contact underreporting PHAs without forbearance: (1) to identify reasons for underreporting, and (2) to decide which PHAs will be reviewed. The deadline for reporting back to the Office of Public and Assisted Housing Delivery is two months after the forbearance request deadline. For example, for the December 1999 semi-annual assessment, the reporting deadline was May 15, 2000.

The format for reporting back to PAHD on non-forbearance PHAs is flexible. At a minimum, however, the Field Office/TARC must provide a memorandum (preferably as an electronic Word document with a hard copy in the mail):

- PHA name
- HUD ID for the PHA
- PHA contact person (name, title, and phone number)
- Program identification (public housing or Section 8)
- Reason for underreporting
- Whether or not the Field Office or TARC conducted an Informal or On-Site Review
- Other Field Office or TARC responses, comments, and recommendations



## **Appendix XIII. Section 8 Administrative Automatic Fee Reduction**

### **A. Overview**

- (1) HUD will assess each PHA's Section 8 reporting performance at the end of each semi-annual assessment period (i.e., end of June and December).
- (2) For Section 8, the reporting rate is determined for certificates and vouchers combined.
- (3) For a PHA that fails to meet the 85 percent reporting rate at the end of a semi-annual assessment period – and does not request forbearance by the deadline and obtain HUD approval of forbearance – HUD will assess a penalty against the PHA's average monthly Section 8 ongoing administrative fees. The penalty will be calculated as a 10 percent reduction in average monthly ongoing administrative fees for each month of the semi-annual period.

**B. Semi-annual report to FMC.** Approximately 45 days after the end of each semi-annual assessment period's forbearance request deadline (i.e., in late September and late March) HUD Headquarters will send a report to the Financial Management Center (FMC) identifying PHAs that have not achieved 85 percent reporting in that assessment period and that have not received forbearance from sanctions.

### **C. Applying the fee reduction at the FMC**

- (1) The FMC will calculate a 10 percent administrative fee reduction for the number of months in the assessment period. For the assessment period ending June 30, 1999, the FMC will determine the fee reduction for five months (February through June 1999). For following assessment periods, the FMC will determine the fee reduction for six-months.
- (2) The monthly fee reduction will be calculated as 10 percent of the actual average monthly ongoing administrative fees earned as determined at Year End Settlement.
- (3) The FMC will begin to impose the fee reduction as soon as practicable following receipt of the Headquarters report identifying the PHAs subject to the fee reduction. The monthly ongoing fee amount scheduled for payment will be reduced by 10 percent for the same number of months covered by the assessment period.
- (4) At Year-End Settlement, the FMC will calculate the actual amount of the fee reduction to be applied based on actual average monthly ongoing fees earned during the PHA fiscal year.

*Example 1:* If a PHA with a fiscal year end of March 31, 1999, fails to meet the 85 percent minimum reporting requirement by June 1999, Headquarters will notify the FMC in late September 1999 to impose an administrative fee reduction for the five months of the initial period of February - June 1999. The FMC will reduce monthly ongoing administrative fee advances by 10 percent for each of the next five months. The fee reduction based on actual ongoing administrative fees earned for the fiscal year will be finally determined at the March 31, 2000 year-end settlement.

*Example 2:* If a PHA with a fiscal year end of September 30, 1999, fails to meet the 85 percent minimum reporting requirement by June 1999, Headquarters will notify the FMC in late September 1999 to impose an administrative fee reduction for the five months of the semi-annual period of February - June 1999. The September 30, 1999, fiscal year end settlement will not have been completed; therefore, the FMC will apply the 10 percent monthly fee reduction for the five month assessment period at Year-End Settlement.

*Example 3:* If a PHA with a fiscal year end of June 30, 2000, fails to meet the 85 percent minimum reporting requirement by December 1999, Headquarters will notify the FMC in late March 2000 to impose an administrative fee reduction for the six months of the semi-annual period of July - December 1999. The June 30, 2000 fiscal year end settlement will not occur until about four or five months later, so the FMC will begin as soon as practicable to reduce monthly ongoing administrative fee advances by 10 percent for each of the months through June 2000, and will reduce administrative fees for the remaining months at Year-End Settlement.

**D. For More Information.** For more information about the Section 8 Administrative Fee Penalty, please contact Susan Loritz at (202) 708-0614 x4068 or [susan\\_m.\\_loritz@hud.gov](mailto:susan_m._loritz@hud.gov).

## **Appendix XIV. PHDEP Automatic Draw-down Suspension**

### **A. Process**

- (1) PAHD prepares a memorandum or list for the Assistant Secretary with public housing programs subject to automatic sanctions for underreporting to MTCS – that is, program with reporting under 85 percent without forbearance from sanctions. This list should appear around April 15 and October 15, following the semi-annual assessments at June and December, respectively.
- (2) The Assistant Secretary distributes the memorandum to Field Offices (Public Housing Trust Officers, MTCS Coordinators) and TARCs – with copies to the Community Safety and Conservation Division, Field Operations, Office of Troubled Agency Recovery, Information Services Division, and Grants Management Center.
- (3) Field Offices/TARCs place a M09 edit in Line of Credit Control System (LOCCS) to impose a review on a grantee that seeks to draw down funds. The review will create an opportunity for the PHA and Field Office or TARC to work together to improve the PHA's reporting. Also, the M09 edit imposes a suspension that can be lifted if the PHA's reporting performance improves to or exceeds the minimum level.
- (4) The suspended PHAs must demonstrate reporting at or above 85 percent for public housing in order for the Field Office/TARC to program LOCCS to lift the suspension. Field Offices/TARCs look to the HA Delinquency report to determine whether to lift the suspension. Suspension may be lifted once reporting performance reaches or exceeds 85 percent on the HA Delinquency report.
- (5) For PHAs that do not reach or exceed 85 percent, the suspension remains in place until the next semi-annual assessment and forbearance process is completed. The suspensions remain in place until steps (1) and (2) above are repeated for the next semi-annual assessment.
- (6) Field Offices and TARCs report back to PAHD for each PHA identified in step (2): (a) the date in which the suspension was lifted, if at all, and (b) the months during which the PHDEP draw-downs were suspended. There is no standard format for reporting back to PAHD. An e-mail to [patricia\\_s.\\_arnaud@hud.gov](mailto:patricia_s._arnaud@hud.gov) will be sufficient.

The principal advantage of this procedure is that Field Offices/TARCs are familiar already with the forbearance process and HA Delinquency report. The Field Offices/TARCs will know in advance which public housing programs are covered in the memorandum or list under step (1).

## B. Sample calendar (estimated dates)

<u>Date</u>	<u>Action</u>
April 30, 2000	GMC, Field Offices and TARC's notified of public housing programs subject to automatic sanctions (subject-to-sanctions list) See steps 1 and 2.
May 5, 2000	Field Offices or TARC's impose the suspension/ edit in LOCCS or other payment system. See step 3.
May 10, 2000	HA Delinquency report for April. Field Offices or TARC's lift suspensions for programs reaching 85%. Field Offices conduct reviews of PHAs requesting draw-downs. See step 4.
June 10, 2000	HA Delinquency report for May. Field Offices or TARC's lift suspensions for programs reaching 85%. Field Offices conduct reviews of PHAs requesting draw-downs. See step 4.
July 10, 2000	HA Delinquency report for June (semi-annual assessment); Field Offices or TARC's lift suspensions for programs reaching 85%. Field Offices conduct reviews of PHAs requesting draw-downs. See step 4.
August 10, 2000	HA Delinquency report for July. Field Offices or TARC's lift suspensions for programs reaching 85%. Field Offices or TARC's conduct reviews of PHAs requesting draw-downs. See step 4.
Sept. 10, 2000	HA Delinquency report for August. Field Offices or TARC's lift suspensions for programs reaching 85%.Field Offices conduct reviews of PHAs requesting draw-downs. See step 4 above.
Oct. 10, 2000	HA Delinquency report for September. Field Offices or TARC's lift suspensions for programs reaching 85%. Field Offices conduct reviews of PHAs requesting draw-downs. See step 4.
Oct. 30, 2000	GMC, Field Offices and TARC's notified of public housing programs subject to automatic sanctions (subject-to-sanctions list). See steps 1 and 2.
Nov. 5, 2000	Field Offices or TARC's impose the suspension in LOCCS or other payment system. Field Offices or TARC's lift suspension on programs not on the subject-to-sanctions list.